



Department of Justice

FOR IMMEDIATE RELEASE CRM

TUESDAY, MAY 23, 2006 (202) 514-2008

WWW.USDOJ.GOV TDD (202) 514-1888

HUNDREDS ARRESTED IN "OPERATION GLOBAL CON," INTERNATIONAL INITIATIVE TARGETED MASS-MARKETING FRAUD

U.S., Foreign Law Enforcement Arrest More Than 565 People on Three Continents

WASHINGTON – More than 565 people in North and South America and Europe have been arrested as part of "Operation Global Con" – the largest and most far-reaching multinational enforcement operation ever directed at mass-marketing fraud schemes, the Department of Justice announced today.

The ongoing action began on March 1, 2005, and involved unprecedented coordination by law enforcement agencies at the national and international levels. "Operation Global Con" targeted mass-marketing schemes that were international in scope and impact, were conducted by criminal groups, and generated significant proceeds. The schemes were carried out through various methods, such as telemarketing, the Internet and mass mailings. The wide variety of schemes uncovered during the operation included so-called "419" advance-fee schemes; foreign currency trading; bogus lottery, prize and sweepstakes schemes; offers of nonexistent investments; bogus offers of "pre-approved" credit cards or credit-card protection; and tax fraud schemes. The 96 separate U.S. investigations in this operation led to the discovery of more than 2.8 million victims, who suffered losses totaling more than \$1 billion.

"Mass-marketing fraudsters think they can use modern technology to operate from anywhere in the world with impunity," said Attorney General Alberto R. Gonzales. "The virtual task forces that we have built with Canada, Costa Rica and the Netherlands provide a new model for us to bring these international con artists to justice."

The operation resulted in the arrest of 139 individuals in the United States, and an additional 426 arrests in Canada, Costa Rica, the Netherlands and Spain. Authorities executed 447 search warrants in the five countries as part of the operation, and 61 individuals have been convicted in the United States to date. In addition, the Federal Trade Commission brought 20 civil actions against 140 defendants in illegal fraud schemes.

"The FTC is proud of its mission to protect American consumers from fraud, and the

actions we are announcing demonstrate that our commitment is strong no matter where the fraudulent activity takes place,” said Deborah Platt Majoras, Chairman of the Federal Trade Commission.

“Operation Global Con is a reversal of fortune for international swindlers who exploit those who can least afford to bear the loss – including older Americans, the disabled and others who are disadvantaged in our communities. This effective partnership model harnesses the collective strength of world-class resources – prosecutors, law enforcement, regulators and international authorities – to demolish a formidable barrier to combating international crime,” said Chief Postal Inspector Lee R. Heath of the U.S. Postal Inspection Service. “Today, we have demonstrated there is no distance great enough to evade the long arm of the law.”

“Mass marketing fraud is an international crime problem that predominantly victimizes elderly U.S. citizens. Through our Legal Attache Offices located around the globe, the FBI is uniquely positioned to address this problem,” said FBI Assistant Director, James H. Burrus, Jr., Criminal Investigative Division. “The results of this international collaborative initiative send a serious message to con artists who believe that they can commit these fraud schemes from afar.”

“The best defense against these types of scams is public awareness. U.S. citizens need to know that federal agents don’t call asking for money or asking for money to be sent somewhere. That’s not how we do business,” said Julie L. Myers, Assistant Secretary for U.S. Immigration and Customs Enforcement. “I would also add that if a sales pitch over the phone sounds too good to be true, it probably is.”

As part of Operation Global Con, Costa Rican agents, acting in cooperation with U.S. Postal Inspectors and agents of U.S. Immigration and Customs Enforcement and the Department of Commerce Inspector General, just last week conducted a series of arrests and searches in Costa Rica that targeted significant mass-marketing fraud “boiler room” operations. These operations used Internet-based telephony and mobile phones to contact prospective victims in the United States, purporting to be from nonexistent organizations such as the “Sweepstakes Security Commission,” to offer nonexistent sweepstakes winnings of as much as \$4.5 million. Victims were expected, in return, to pay “insurance fees” for the alleged “benefit” of Lloyds of London. Some victims who made the payments would then be recontacted by participants in the schemes, who pretended to be Costa Rican or U.S. customs authorities demanding payment of additional “customs fees” or taxes.

Operation Global Con’s success in targeting international telemarketing fraud schemes depended heavily on the creation of long-term partnerships between U.S. and foreign enforcement agencies. For example, authorities in Costa Rica played a critical role in last week’s arrest of nine alleged participants in the sweepstakes schemes. In the Netherlands, the Amsterdam Police and the Dutch Public Prosecutor provided close cooperation with the Postal Inspection Service in an investigation that led to the arrests of 11 individuals. In Spain, FBI agents and Postal Inspectors investigating fraudulent lottery schemes that operate from Spain worked closely with Spanish National Police, which made 310 arrests and conducted numerous searches. In Canada, U.S. investigators worked with six multi-agency task forces that target telemarketing fraud – including

Project COLT in Montreal, the Toronto and Alberta Strategic Partnerships, and Project Emptor in Vancouver and the Vancouver Strategic Partnership; and the Atlantic Provinces Strategic Partnership. Other foreign authorities provided similar assistance in various fraud cases, including the United Kingdom's New Scotland Yard and Office of Fair Trading and the Nigerian Economic and Financial Crimes Commission.

Operation Global Con involved coordination among 30 U.S. Attorneys' offices nationwide, the Fraud Section of the Criminal Division and the Tax Division of the Department of Justice, 20 of the FBI's 56 field divisions, 13 of the Postal Inspection Service's 18 field divisions, U.S. Immigration and Customs Enforcement, the Royal Canadian Mounted Police, the Federal Trade Commission, the Department of State's Diplomatic Security Service, and the Department of Commerce Office of Inspector General, together with the Competition Bureau of Industry Canada, IRS Criminal Investigation, the PhoneBusters National Call Center in Canada, the Securities and Exchange Commission (SEC), the Commodity Futures Trading Commission (CFTC), and numerous other federal, state, local and foreign law enforcement and regulatory agencies.

Victims of Internet fraud schemes should file complaints online with the Internet Crime Complaint Center, a joint project of the FBI and the National White Collar Crime Center, at www.ic3.gov. Victims of telemarketing fraud should contact the Federal Trade Commission's Consumer Sentinel, either by calling the FTC's toll-free number, 1-877-987-3728, or by filing an online form available through its website, www.ftc.gov. Victims of Canadian-based telemarketing schemes may also contact PhoneBusters at 1-888-495-8501 or www.phonebusters.com.

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